

## **BOARD OF EQUALIZATION**

### **GILA COUNTY, ARIZONA**

Date: September 28, 2004

**JOSÉ M. SANCHEZ**

Chairman

**JOHN F. NELSON**

Clerk of the Board

**RONALD A. CHRISTENSEN**

Vice-Chairman

By: Marian Sheppard  
Chief Deputy Clerk

**CRUZ SALAS**

Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: José M. Sanchez, Chairman; Ronald A. Christensen, Vice-Chairman; Cruz Salas, Member; Dale Hom, Assessor; Hazel Dillon, Chief Deputy Assessor; Larry Huffer, Chief Appraiser; Irene Mata, Property Appraiser II; and, Bryan Chambers, 2<sup>nd</sup> Chief Deputy County Attorney.

At 1:30 p.m., the Gila County Board of Equalization met to review appeals of the Assessor's 2005 Notices of Value of various parcels of land located within Gila County. Chairman Sanchez asked everyone present to state their name and title for the record.

For the record, as each petition was reviewed, the Chairman advised the petitioners of the hearing process. The Assessor provided the Board of Equalization with maps and photographs of each subject property and comparable sale properties. Chairman Sanchez asked each petitioner who appeared in person to voice his/her concerns first. He then called upon Larry Huffer to present documentation to the Board and explain the Assessor's opinion of value for each property or tax parcel. Assessor Dale Hom and Chief Deputy Hazel Dillon also presented information to the Board.

In total, seven petitions were presented for review by the Board of Equalization by a total of four petitioners. A summary of the results of the hearings in the order they were addressed is as follows:

- **Parcel No. 302-43-120 – Ivon & Lois English – in person**

Mr. English provided the Board, Assessor and Assessor representatives with a packet of information in addition to the information he mailed to the Board with his petition. (A copy of the information is on file in the Board of Supervisors' office.) He reviewed the information which contained comparable home sales and other documentation pertaining to the property purchase. Mr. English and Mr. Huffer entered into a discussion as to the initial terms of the purchase. Mr. English advised that the initial purchase in March 2002 was as a limited liability corporation unit at a total purchase price of \$275,000 which included a \$75,000 golf membership. Mr. English requested the Board to reduce the full cash value to \$185,000. Mr. Huffer explained that the purchase was not a market transaction and stated *"...There was no rhyme or reason for what the lots (in Rim Club) sell for. From time to time incentives are offered...Prices are all over the place..."* Mr. Huffer advised that the actual contract amount for the purchase of the subject property was \$325,000 with a 20% discount for the limited liability corporation status, so the total purchase price was \$260,000. At this time a discussion ensued between the Board of Equalization, Mr. English and Mr. Huffer. At the conclusion of the discussion a decision was rendered by the Board.

**Decision: The Board of Equalization has made the following adjustments to the subject property's full cash value. Land full cash value was changed from \$213,200 to \$205,000. Improvements full cash value was changed from \$570,225 to \$549,021.**

**FCV (full cash value) = \$754,021 (formerly assessed at \$783,425); LPV (limited cash value) = \$749,636 (formerly assessed at \$778,869); Legal Class = 3; and, Assessment Ratio = 10%.** After the Board's decision was announced, Mr. Huffer advised Mr. and Mrs. English that, if they so choose, they may appeal the Board of Equalization's decision may be made to the Arizona Tax Court within 60 days at a cost of \$90.

At 2:45 p.m., Bryan Chambers, 2<sup>nd</sup> Chief Deputy County Attorney, joined the meeting.

Upon motion by Supervisor Salas, seconded by Vice-Chairman Christensen, the Board recessed the meeting at 2:50 p.m.

Upon motion by Supervisor Salas, seconded by Vice-Chairman Christensen, the Board reconvened the meeting at 3:00 p.m.

- **Parcel No. 304-01-304A – Investment Group of Payson represented by Lester Abrams of Nearhood & Parker, LLC - in person**

Mr. Abrams provided the Board, Assessor and Assessor representatives with a packet of information. (A copy of the information is on file in the Board of Supervisors' office.) Mr. Abrams advised that the subject property is a 40 unit apartment complex which provides government subsidized housing. He advised that as this property becomes older, the expenses are increasing on a per unit basis. He reviewed all of the handouts which included a commercial property analysis, income statements, income/expense analysis, etc. In ending his presentation, Mr. Abrams stated that the actual income and market income support a lower assessment. He advised that the Assessor has not considered the section 42 restrictions on the subject property, and elected to gross the rents up to "market" contending that this approach is inconsistent with the Cottonwood versus Yavapai County Arizona Tax Court case and the State Board of Equalization's memo. Mr. Abrams requested the full cash value be reduced to \$850,000. At the request of Vice-Chairman Christensen, Mr. Huffer explained his valuation process. He advised that the Assessor uses the Arizona Department of Revenue (ADOR) guidelines. He stated, *"The question is do we use the DOR guideline or adhere to the tax ruling on this?"* Mr. Huffer advised the Board of Equalization to adhere to the ADOR guidelines until such time as the Supreme Court rules on the Cottonwood versus Yavapai County court case, which may take as long as 1-2 years. Mr. Huffer stated, *"I will adhere to whatever the ruling is; until then I will stick with the DOR guideline."* A

discussion ensued between the Board and Mr. Chambers. Mr. Chambers suggested convening into Executive Session. Vice-Chairman Christensen advised that if the Board of Equalization accepts the lower court's ruling on the Cottonwood versus Yavapai County court case and the ruling is overturned at the Supreme Court, it would be much harder to change a Board decision. Mr. Abrams talked briefly about the petitioning process and stated, *"Our history is to file court appeals and argue based on the actual income it produces on these types of properties."* At the conclusion of the discussion, Vice-Chairman Christensen recommended that the Board of Equalization abide by the ADOR guidelines, which were agreed to by Chairman Sanchez and Supervisor Salas.

**Decision: The Board of Equalization agrees with the Assessor in using the Arizona Department of Revenue's Subsidized Housing Valuation Guideline to value the subject property.**

**FCV = \$1,388,583; LPV = \$1,388,583; Legal Class = 4; and, Assessment Ratio = 10%.**

- **Parcel Nos. 302-43-803A, 302-43-801C and 302-43-802 – Crescent Resources represented by Currey & Associates - on the record.**

The above three referenced properties were addressed at the same time. Mr. Huffer advised that initially petitions were submitted for 14 tax parcels owned by Crescent Resources. On September 27, 2004, Mr. Thomas Currey of Currey & Associates submitted a letter to the Board of Equalization rescinding his request for a hearing on the following tax parcels: 302-23-035C, 302-23-040C, 302-23-042H, 302-23-043B, 302-54-001J, 302-87-700J, 302-87-701, 302-87-702, 302-43-832, 302-43-833 and 302-43-817A. Mr. Huffer advised that the remaining appeals pertain to properties located within Rim Golf Club. He stated that Rim Golf Club is a membership organization with a \$75,000 membership fee and lot ownership requirement. He advised that last year the legal class of the subject parcels was Class 2 with a 16% assessment ratio. Mr. Huffer advised that this year

the parcels were changed to Class 1 with a 25% assessment ratio. He stated, *"If I receive documentation, I will be glad to change it to a non-profit status."* Ms. Dillon advised that it may take up to one year for the Internal Revenue Service to determine whether Rim Golf Club is a non-profit organization. In that event, if made a non-profit status, Mr. Huffer advised that he would reclassify the subject parcels back to Class 2.

**Decision: The Board of Equalization agrees with the Assessor's legal class and assessment ratio changes on the three subject parcels, as follows:**

**302-43-803A – FCV = \$281,541; LPV = \$253,400; Legal Class = 1; and, Assessment Ratio = 25%.**

**302-43-801C – FCV = \$6,298,570; LPV = \$6,248,263; Legal Class = 1; and, Assessment Ratio = 25%.**

**302-43-802 – FCV = \$167,830; LPV = \$167,830; Legal Class = 1; and, Assessment Ratio = 25%.**

- **Parcel No. 304-04-211J – Mount View Apartments represented by Property Tax Professionals, Inc. – on the record**

**Decision: The Board of Equalization agrees with the Assessor in using the Arizona Department of Revenue's Subsidized Housing Valuation Guideline to value the subject property.**

**FCV = \$709,808; LPV = \$709,808; Legal Class = 4; Assessment Ratio = 10%.**

- **Parcel No. 302-42-011F – Maurnez Apartments represented by Property Tax Professionals, Inc. – on the record**

**Decision: The Board of Equalization agrees with the Assessor in using the Arizona Department of Revenue's Subsidized Housing Valuation Guideline to value the subject property.**

**FCV = \$1,121,340; LPV = \$1,121,340; Legal Class = 4; Assessment Ratio = 10%.**

There being no further appeals for review, the Board adjourned the meeting at 3:55 p.m.

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José M. Sanchez, Chairman

ATTEST:

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John F. Nelson, County Administrator/Clerk